

News Release

Farm Service Agency
Public Affairs Staff

1400 Independence Ave. SW
Stop 0506
Washington, DC 20250-0506

Release No. 1433.98

Program Announcement

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, February 19, 1998 -- Keith Kelly, Executive Vice President of USDA's Commodity Credit Corporation, today announced the prevailing world market prices, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustments (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, February 26. The user marketing certificate (Step 2) payment rate in effect from 12:01 a.m. Friday, February 20 through midnight Thursday, February 26 is 4.53 cents per pound.

The Federal Agriculture Improvement and Reform Act of 1996 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price exceeds the NE price. This week, both conditions for this adjustment have been met, and it has been determined that this further adjustment to the AWP shall be 0.0 cents per pound.

This week's AWP and CCA are determined as follows:

Adjusted World Price

| | |
|--------------------------------------|-----------------|
| NE Price | 68.77 |
| Adjustments: | |
| Avg. U.S. spot market location | 12.08 |
| SLM 1-1/16 inch cotton | 1.90 |
| Avg. U.S. location | 0.14 |
| Sum of Adjustments | - 14.12 |
| ADJUSTED WORLD PRICE | 54.65 cents/lb. |

Coarse Count Adjustment

| | |
|--|----------------|
| NE Price | 68.77 |
| NE Coarse Count Price | -66.95 |
| | 1.82 |
| Adjustment to SLM 1-1/32 inch cotton | - 3.70 |
| COARSE COUNT ADJUSTMENT | |
| (Cannot be less than zero)..... | 0.00 cents/lb. |

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Because the AWP for the period exceeds 51.92 cents per pound which is the base quality loan rate, the loan repayment rate during this period is equal to the loan rate, adjusted for the specific quality and location plus applicable interest and storage charges.

Step 2 payments are provided this week because, for four consecutive weeks, the USNE price has exceeded the NE price by more than 1.25 cents per pound and the AWP has not exceeded 130 percent of the loan rate for upland cotton. Relevant data for the Step 2 program follow:

| | | AWP as % of 1997 | | | USNE | |
|------|--------------------|---------------------|-------|----------------------|----------|--------|
| | Fri/Thur Period | Loan | USNE | NE | Less | Step 2 |
| Week | Ending | Rate 1/ | Price | Price | NE Price | Rate |
| | | | | cents/lb | | |
| 1 | 1/29/98 | 106.6 | 74.05 | 69.58 | 4.47 | 3.22 |
| 2 | 2/5/98 | 106.5 | 75.25 | 69.52 | 5.73 | 4.48 |
| 3 | 2/12/98 | 106.5 | 75.55 | 69.39 | 6.16 | 4.91 |
| 4 | 2/19/98 | 105.3 | 74.55 | 68.77 | 5.78 | 4.53 |

1/ The marketing year 1997 loan rate is 51.92 cents per pound.

The next announcement of the AWP, CCA and user marketing certificate payment rate will occur on Thursday, February 26 at 5 p.m.

Further program information is available from Wayne Bjorlie,
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